

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268

DSCF STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORIES  
REDIRECTED FROM WITNESS MALONE  
(PR/USPS-T1-21, 24(E), 26, 28-29)  
(January 31, 2014)**

The United States Postal Service hereby provides institutional responses to the above-identified interrogatories of the Public Representative, filed on January 24, 2014. The interrogatories were redirected from witness Malone to the Postal Service for response. The interrogatories are stated verbatim and followed by the responses.

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno  
Chief Counsel Global Business &  
Service Development

Kyle R. Coppin  
Carrie Brownlie  
Laura Zuber

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260  
(202) 268-2368; Fax -5402  
January 31, 2014

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

**PR/USPS-T1-21**

In Docket Nos. N2012-1 and N2010-1, the Postal Service detailed extensive estimates of projected cost savings expected from implementation of the related service changes. In response to PR/USPS-T1-9, you stated that “[t]he Postal Service has not performed any analysis that would provide a basis for estimating mail processing or delivery workload reductions or cost savings resulting from Load Leveling on a system-wide basis.”

- a. Please explain why the Postal Service has not performed an analysis estimating mail processing or delivery workload reductions and/or cost savings resulting from system-wide implementation of the Load Leveling Plan.
- b. Please explain whether it is feasible to estimate mail processing or delivery workload reductions and/or cost savings resulting from system-wide implementation of the Load Leveling Plan and describe in detail any methods or programs the Postal Service could use to produce such an estimate.

**RESPONSE**

a-b. The request seeks an advisory opinion regarding whether the proposed change in the nature of service for DSCF Standard Mail entered on Friday or Saturday would be consistent with the policies of Title 39. The nature of the change is such that the local alignment of operations at mail processing plants and delivery units throughout the network in a manner that takes into account the adjusted service standards is expected to achieve the goal of load leveling.

Though it may be ideal to some that a national cost savings estimate be generated and debated, the Postal Service is of the view that an advisory opinion regarding whether the service change comports with Title 39 can be issued without an estimate of what those cost savings are expected to be.

While it is feasible to produce some type of workload or cost savings estimate, without having conducted such a study (as the question itself notes), it

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

is difficult to provide in detail the methods for such a study. Moreover, given the limited scope of the proposed service change in this docket, particularly when compared with the service changes at issue in PRC Docket No. N2012-1 and PRC Docket No. N2010-1, it is unlikely that the cost of conducting such an extensive study would be worthwhile.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

**PR/USPS-T1-24(E)**

USPS-LR-N2014-1/6, file "1-10-14" are slides from a January 10, 2014 presentation given on the Load Leveling Plan. Slide 25 lists "Frequently Asked Questions/Concerns" including "early delivery" of mail entered on Thu/Fri/Sat and "5 Day Delivery implications."

\*\*\*\*\*

- e. Under current practices, what percentage of DSCF Standard Mail entered on Thursday or Friday is delivered "early" on Saturday, rather than Monday?  
Please disaggregate the response by entry day.

\*\*\*\*\*

**RESPONSE**

- e. Based on FY13 data for Standard DSCF mail,
- 54% of mail entered on Thursday was delivered before Monday
  - 31% of mail entered on Friday was delivered before Monday

Below is disaggregated data by entry day of week:

<b>Entry Day of Week</b>	<b>% Mail Delivered Before Third Day After Entry</b>
SATURDAY	44%
SUNDAY	67%
MONDAY	80%
TUESDAY	73%
WEDNESDAY	69%
THURSDAY	54%
FRIDAY	31%
<b>Total</b>	<b>56%</b>

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

**PR/USPS-T1-26**

In USPS-LR-N2014-1/NP2, the Postal Service provided disaggregated DSCF volume data. Please provide the Service Performance Data associated with the mailing information contained in this library reference. Columns 6-13 in table below is an example of the information requested.

1	2	3	4	5	6	7	8	9	10	11	12	13
					Service Performance Information							
						Volume Delivered on						
Day of Week	Facility Name	Local e Key	Piece Count	Appointment Count	Full Service Imb Volume	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6+	Unable to Deliver
TUESDAY	Redacted	Redacted	Redacted	Redacted								

**RESPONSE**

The requested information is provided in USPS-LR-N2014-1/NP6.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

**PR/USPS-T1-28**

In Dockets Nos. N2010-1 and N2012-1, the Postal Service provided estimates of the impact of proposed service changes on consumer demand.

- a. Does the Postal Service anticipate that there will be volume loss due to implementation of the Load Leveling Plan?
  - i. If yes, please identify, describe, and provide all documents detailing how the Load Leveling Plan could impact consumer demand and negatively impact volume.
  - ii. If not, does the Postal Service believe that the volume loss will be *de minimus*? Please identify, describe, and provide all documents detailing how the Load Leveling Plan will not impact consumer demand.
- b. Has the Postal Service identified the customers that will be impacted by implementation of the Load Leveling Plan?
  - i. What percentage of Standard Mail DSCF Letter customers target Monday in-home dates?
  - ii. What percentage of Standard Mail DSCF Flat customers target Monday in-home dates?
  - iii. What percentage of Standard Mail DSCF Carrier Route customers target Monday in-home dates?

**RESPONSE**

a. The degree of any change in volume is difficult to predict, especially given the proximity to the exigent price increase. The Postal Service has communicated extensively with affected mailers, who have expressed concerns about the plan and how it might affect their business. However, the Postal Service is working with these mailers to re-organize their mailing procedure and make other adjustments so that load leveling will have little effect on their business. Because the results of these efforts and the gravity of the complaints are still uncertain, it is not possible to definitively answer whether or how much volume will be impacted.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

- i. Assuming there is an impact on volume, consumer demand could be impacted in a number of ways:
    - a. Mailers have expressed some concern that mail delivery will be less predictable with load leveling and thus mailers who require day-specific delivery would be disadvantaged. Load leveling improves predictability by reducing late mail delivery on Mondays, which throws off the 24-hour clock system with ripple effects throughout the week.
    - b. Mailers are also concerned that, in order to achieve delivery by Monday, processing demand would need to be increased so that their mail items are packaged and sent by Thursday, instead of Friday.
    - c. Some mailers have expressed concern that this will increase the potency of rival forms of advertising, such as newspaper ads, which are reliably day-specific. This could lead some mailers to go with alternate forms of distribution.
  - ii. Not applicable
- b. The efforts to reach out to mailers and alleviate their concerns have been detailed in the testimony of Linda Malone, as well as in interrogatory response PR/USPS-T1-20. The Postal Service offers DSCF Standard Mail as a deferrable mail service, and not a date-specific delivery service, and thus it has no information responsive to parts i-iii.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO PUBLIC REPRESENTATIVE INTERROGATORY  
REDIRECTED FROM WITNESS MALONE**

**PR/USPS-T1-29**

The Load Leveling Plan aims to reduce the peak load effects of Standard Mail. Please identify, describe, and provide any studies since FY 2012 that the Postal Service has conducted concerning peak load effects.

**RESPONSE**

The Public Representative further clarified this question to the effect that this interrogatory seeks academic studies focused on either peak load costing or peak load pricing, similar to a previous study titled “Peak-Load Pricing in Postal Services.” Michael A. Crew, Paul R. Kleindorfer and Marc A. Smith, *Economic Journal*, September, 1990. The Postal Service is not aware of any internal studies of “Peak Load Effects” of Standard Mail or other mail that have been conducted since FY2012, other than the information already submitted in this docket.